

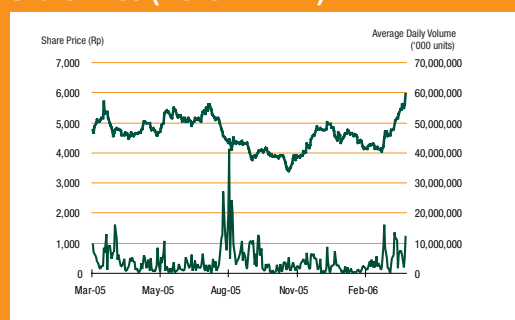
# Investor Newsletter

## April 2006

Bank Danamon



### Share Price (Ticker: BDMN)



Source: Bloomberg

### Shareholders

	1Q05	1Q06	Change
Asia Financial (Indonesia)	65.8%	69.6%	3.6%
Ministry of Finance, Rep. Indonesia	10.5%	-	(10.5%)
Morgan Stanley Securities Ltd.	-	6.9%	6.9%
Public (ownership interest below 5%)	23.7%	23.5%	(0.2%)

## First Quarter 2006 Financial Results

- Loans grew by 18% to Rp. 35,704 billion
- Deposits grew by 21% to Rp. 48,500 billion
- Normalized Operating Income rose by 11% to Rp.1,539 billion
- Normalized NPAT grew by 195% compared to 4Q 2005

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## First Quarter 2006 Results

**B**ank Danamon posted a net profit after tax of Rp. 251 billion in first quarter 2006. This profit is lower compared to last year first quarter profit of Rp. 640 billion in part due to the absence of non-recurring and extraordinary items. Excluding these one-off items, Normalized Net Profit after Tax reflected a 27% drop from the same quarter previous year. Accordingly, Basic Earning per Share (EPS) was Rp. 50.9 as compared to Rp. 130.4 in the same period 2005, while ROAA and ROAE stood at 1.4% and 11.4%, respectively, in the first quarter 2006.

In billion Rupiah	1Q05	Consolidated 4Q05	1Q06	YoY Chg. (%)
<b>Income Statement</b>				
Net Interest Income	1,122	1,130	1,225	9.2
Normalized Fee Income	259	277	313	20.8
Normalized Operating Income	1,381	1,407	1,539	11.4
Normalized Operating Expenses	652	846	777	19.2
Pre Provision Operating Profit	729	560	762	4.5
Cost of Credit	78	329	291	273.1
Normalized NPAT	378	93	274	(27.4)
Non-recurring Items (after tax)	262	22	(23)	(108.8)
Reported NPAT	640	115	251	(60.8)
EPS (Rp)	130.4	23.4	50.9	(61.0)
Diluted EPS (Rp)	130.1	23.1	50.4	(61.3)
<b>Balance Sheet</b>				
Total Assets	60,522	67,803	70,758	17.0
Total Loans	30,337	35,995	35,704	17.7
Total Government Bonds	18,033	14,102	16,569	(8.1)
Deposits	40,231	47,089	48,500	20.6
Total Equity	8,212	8,589	8,959	9.1
<b>Key Financial Ratios (%)</b>				
Net Interest Margin	9.2	8.5	8.4	(0.8)
Normalized Cost to Income	43.4	59.9	50.3	6.9
Normalized ROAA	2.5	0.6	1.6	(0.9)
Normalized ROAE	20.2	4.9	12.4	(7.8)
Reported ROAA	4.2	0.7	1.4	(2.8)
Reported ROAE	33.3	5.8	11.4	(21.9)
Loan / Deposits	76.4	80.8	78.5	2.1
NPL / Total Loans – Gross	2.9	2.6	3.4	0.5
Loan Loss Allowances / NPL	140.1	145.7	114.9	(25.2)
Net Open Position	0.4	1.9	1.9	1.5
Capital Adequacy Ratio	29.6	23.5	26.3	(3.3)
Equity / Asset	13.6	12.6	12.7	(0.9)

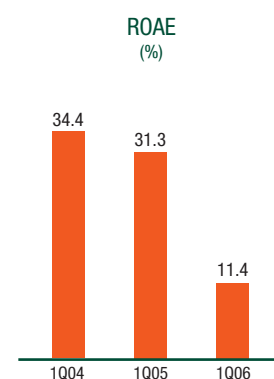
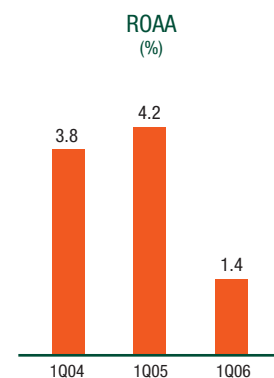
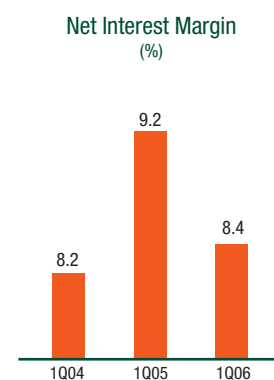
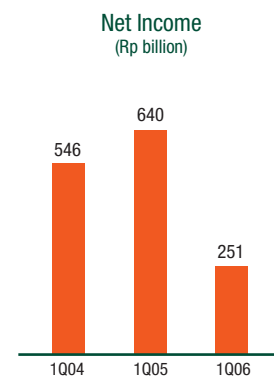
Net interest income rose by 9% to Rp. 1,225 billion in first quarter 2006 as a result of higher interest income. **Interest income grew by 40% to Rp. 2,519 billion primarily due to substantial expansion in the loan book** as loans contributed to over 74% of total interest income in the first quarter 2006. Meanwhile, government bonds portfolio contributed to 18% of interest income. Interest expense nearly doubled to Rp. 1,294 billion due to growing deposits and high interest rates. Cost of funds increased by 360bps to 8.9% in first quarter 2006 from the same period previous year cost of funds of 5.3%. Consequently, **net interest margin declined to 8.4% from 9.2% in first quarter 2005.**

Normalized fee income rose 20.8% to Rp. 313 billion from Rp. 259 billion in the first quarter 2005 largely driven by credit related fees that rose by 25% to Rp. 119 billion as well as mark to market marketable securities that increased by 49% to Rp. 113 billion in the first quarter 2006.

Operating expenses went up by 19% to Rp. 777 billion in part due to business expansion in mass-market businesses (DSP and Adira Finance). However, operating expenses was down by 8% as compared Rp. 846 billion in the fourth quarter 2005. General and administrative expenses increased by 29% to Rp. 319 billion as we added 220 DSP units and 24 Adira Finance throughout the year. Salaries and employee benefit expenses rose by 17% to Rp. 446 billion mainly due to an increase in employee benefits. **Cost-to-income ratio thus rose to 50.3% from 43.4% in same period last year, but improved by 9.6% from the previous quarter.**

Cost of credit amounted to Rp. 291 billion as compared to Rp. 78 billion in the same period last year mainly due Adira Finance and the growing mass market business. Changes in accounting policy and higher losses on sale of repossessed assets resulted in the higher cost of credit for consumer auto financing business with Adira Finance. On a quarterly basis, the cost of credit, however, is down 12% from the fourth quarter of 2005.

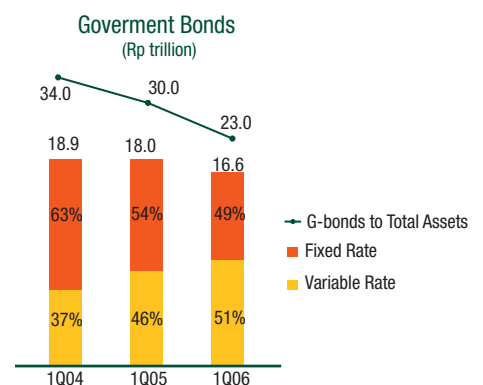
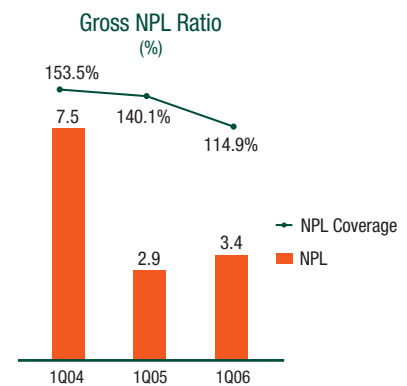
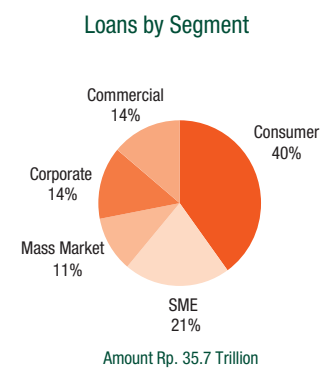
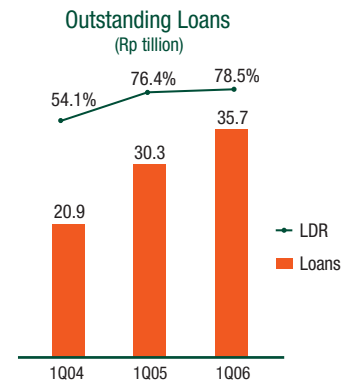
**Loans grew by 18% to Rp. 35,704 billion as of March 31, 2006 driven by mass market, consumer and commercial segments.** In line with the expansion of DSP network, loans



to mass market grew nearly four fold to Rp. 4,073 billion as of March 31, 2006, accounting for 11% of the bank's loan portfolio. Consumer loan grew by 12% in to Rp. 14,405 billion mainly supported by the strong growth in Adira's consumer auto financing business, which now account for 40% of total loan book. Within the portfolio, motorcycle loans contributed 52% of consumer loans, car loans 26%, housing loans 16% and credit cards 6%. SME loans stood at Rp.7,485 billion and accounted for 21% of the loan portfolio. Commercial loans grew an encouraging 31% to Rp. 4,924 billion, representing 14% of total loan book as of March 31, 2006. Meanwhile, corporate loans declined 14% to Rp. 4,816 billion as of March 31. **LDR increased to 79% as of March 31, 2005 from 76% in the same corresponding period last year.**

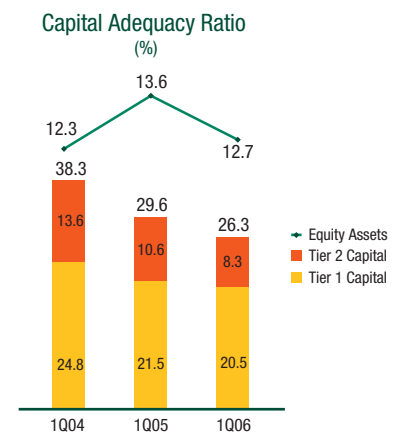
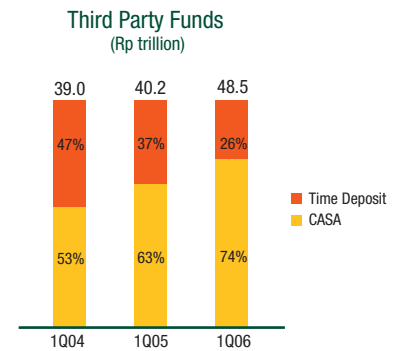
Non-performing loans (NPL) ratio rose slightly to 3.4% as of March 2006 from 2.9% a year earlier due to the deterioration in several businesses on the back of unfavorable operating environments as well as growing mass market and consumer auto-financing business. High interest rates and inflation rates as well as slower economic growth particularly since the second half of 2005 have impacted the credit quality in commercial, SME and consumer loans. While NPL in the mass market business increased due to maturing loan portfolio as we have been in the business for over one and half year now. NPL in Adira Finance's consumer auto-financing business rose in part due to changes in the loan classification policy and higher losses on sales of repossessed assets. However, **Net NPL remained zero** as loan loss provision of Rp. 1,077 billion exceeded NPL (after taking into account the collateral value) with the coverage ratio reaching 115% as of March 31, 2006.

Government bonds was Rp. 16,569 billion as of March 31, 2006, down by 8% from Rp. 18,033 billion a year earlier. As of March, 31, 2006, 49% of total government bonds are fixed rate bonds while the remaining 51% are floating rate bonds with an average duration of 2.5 years. **Government bonds now accounted for 23% of the bank's assets**, down from 30% a year earlier, while their contribution to interest income went up slightly to 18% from 17% in the same period last year.



Total liabilities rose to Rp. 61,598 billion as of March 31, 2006, compared to Rp. 52,155 billion in the same period last year mainly due to deposit growth. **Deposits (Third Party Funds) grew by 21% to Rp. 48,500 billion from Rp. 40,231 billion the same period a year earlier despite competitive market condition.** Current accounts and savings (CASA) accounted for 26% of third party funds as of March 31, 2006.

Capitalization, as measured by equity to asset ratio, slightly declined to 12.7% in the first quarter 2006 against 13.6% from the same period last year largely due to asset expansion. Furthermore, the bank's **capital adequacy ratio (CAR) was at 26.3%** as of March 31, 2006 against 29.6% a year earlier due to the increase in risk-weighted assets on the back of strong loan growth. Tier-1 and Tier-2 capital ratio stood at 20.5% and 8.3% as of March 31, 2006, compared to 21.5% and 10.6%, respectively, by March 31, 2005.



## UPDATES

■ **Business Updates**

- **Adira Finance.** In the first quarter 2006, Adira Finance (75% owned by Bank Danamon) posted Rp. 117 billion in net profit, up 5% compared to the same corresponding period in 2005. The increase in profit was primarily due to growing outstanding receivables and increase in asset yield. Total new financing amounted to Rp. 1,513 billion in the first quarter 2006, down 24% compared to same period last year. Motorcycle financing remains the main contributor of receivable growth and accounted for 71% of financing receivables as of March 31, 2005. The remaining receivables are comprised of car financing (27%) and others.
- **Danamon Simpan Pinjam (DSP).** Danamon opened 15 units of DSP Self-Employed Mass Market in the first quarter 2006, bringing total DSP in operation to 729 units at the end March 2006. DSP consists of 633 units of Self-Employed Mass Market (SEMM) and 96 units of Consumer Mass Market (CMM). As of March 31, 2006, SEMM extended Rp. 3,373 billion loans to micro business as compared to Rp. 1,098 billion a year earlier. While total loans extended by CMM was Rp. 340 billion as of March 31, 2006. The total NPL ratio was 2.8% as of March 31, 2006, well below the expected credit loss model.

■ **Corporate Actions**

Danamon plans to pay out 50% of its 2005 profits as dividend to shareholders. This dividend amounts to Rp. 1,002 billion or Rp.201 per share (diluted). We will seek an approval from our shareholders in the upcoming Annual General Shareholder Meeting.

■ Credit Ratings

Bank Danamon		
	Ratings and Outlook	
<b>Standard &amp; Poor's</b> <i>November 2005</i>	Long Term & Short Term Local Currency	BB-/Stable/B
	Long Term & Short Term Foreign Currency	BB-/Stable/B
	<b>Bank Financial Strength</b> Subordinated Debt	<b>D+</b> B/Stable
<b>Moody's</b> <i>June 2005</i>	Long Term & Short Term Bank Deposit	B3/ Pos/ Not Prime
	<b>Bank Financial Strength</b> Subordinated Debt	<b>D-/Stable</b> B3/Positive
<b>PEFINDO (Indonesia)</b> <i>March 2005</i>	Corporate Rating	<sub>id</sub> A+/Stable
<b>Fitch Ratings</b> <i>February 2005</i>	Long Term & Short Term Foreign Currency	BB-/Positive/B
	National (Long-Term)	A- (idn)/Positive
Indonesia		
<b>Standard &amp; Poor's</b>	Foreign Currency LT Debt	B+ / Stable
<b>Moody's</b>	Foreign Currency LT Debts	B2 / Positive
<b>Fitch Ratings</b>	Foreign Currency LT Debt	BB- / Stable

**BALANCE SHEETS**  
**AS AT 31 MARCH 2006 AND 2005**  
(In million Rupiah)

No.	ACCOUNTS	BANK DANAMON		CONSOLIDATED	
		2006	2005	2006	2005
<b>ASSETS</b>					
1.	Cash	718,311	707,086	738,254	719,330
2.	Placements with Bank Indonesia				
	a. Current accounts with Bank Indonesia	3,551,766	3,094,795	3,551,766	3,094,795
	b. Certificates of Bank Indonesia	1,608,159	215,212	1,608,159	215,212
	c. Wadiah Certificates of Bank Indonesia	-	-	-	-
	d. Others	81,853	-	81,853	-
3.	Current accounts with other banks				
	a. Rupiah	11,718	14,264	191,411	100,311
	b. Foreign currencies	311,907	668,182	313,316	668,182
	Allowance for possible losses on current accounts with others banks -/-	(3,236)	(6,824)	(3,236)	(6,824)
4.	Placements with other banks				
	a. Rupiah	663,056	615,000	665,066	617,010
	Allowance for possible losses on placements with other banks -/-	(6,631)	(6,150)	(6,631)	(6,150)
	b. Foreign currencies	1,806,191	75,964	1,806,191	75,964
	Allowance for possible losses on placements with other banks -/-	(18,061)	(760)	(18,061)	(760)
5.	Placement with other syariah banks	10,000	-	10,000	-
	Allowance for possible losses on placement with other syariah banks -/-	(100)	-	(100)	-
6.	Marketable securities				
	a. Rupiah				
	i. Trading	54,044	19,201	54,044	19,201
	ii. Available for sale	290,405	295,954	290,405	295,954
	iii. Held to maturity	48,877	73,518	48,877	73,518
	Allowance for possible losses on marketable securities -/-	(3,933)	(3,887)	(3,933)	(3,887)
	b. Foreign currency				
	i. Trading	93,727	-	93,727	-
	ii. Available for sale	1,302,334	686,675	1,302,334	686,675
	iii. Held to maturity	1,873,056	872,401	1,873,056	872,401
	Allowance for marketable securities -/-	(23,501)	(15,590)	(23,501)	(15,590)
7.	Marketable securities - syariah bonds	137,861	115,128	137,861	115,128
	Allowance for possible losses on marketable securities - syariah bonds -/-	(1,379)	(1,151)	(1,379)	(1,151)
8.	Government bonds				
	i. Trading	552,173	190,073	552,173	190,073
	ii. Available for sale	8,211,523	6,704,734	8,211,523	6,704,734
	iii. Held to maturity	7,805,742	11,138,277	7,805,742	11,138,277
9.	Securities purchased under resale agreements (Reverse Repo)				
	a. Rupiah	6,761	-	6,761	-
	Allowance for possible losses on securities purchased under resale agreements -/-	(67)	-	(67)	-
	b. Foreign currencies	12,283	-	12,283	-
	Allowance for possible losses on securities purchased under resale agreements -/-	(123)	-	(123)	-
10.	Derivative receivables	179,661	34,338	179,661	34,338
	Allowance for possible losses on derivative receivable -/-	(1,780)	(344)	(1,780)	(344)
11.a	Loans (excluding loans purchased from IBRA)				
	a. Rupiah				
	i. Related parties	109,532	5,966	109,532	5,966
	ii. Third parties	31,934,562	26,842,153	31,934,562	26,842,153
	Allowance for possible losses on loans (excluding loans purchased from IBRA) -/-	(913,719)	(765,050)	(913,719)	(765,050)
	b. Foreign currencies				
	i. Related parties	3,513	-	3,513	-
	ii. Third parties	3,443,740	3,051,719	3,443,740	3,051,719
	Allowance for possible losses on loans (excluding loans purchased from IBRA) -/-	(91,624)	(179,166)	(91,624)	(179,166)
	Deferred income -/-	(118)	-	(118)	-
11.b	Loans purchased from IBRA				
	a. Rupiah	61,173	67,376	61,173	67,376
	Allowance for possible losses on loans purchased from IBRA -/-	(56,904)	(62,507)	(56,904)	(62,507)
	Deferred income -/-	(4,269)	(4,869)	(4,269)	(4,869)
	b. Foreign currencies	6,157	195,322	6,157	195,322
	Allowance for possible losses on loans purchased from IBRA -/-	(6,157)	(192,859)	(6,157)	(192,859)
	Deferred income -/-	-	(2,463)	-	(2,463)
12.	Consumer financing receivables	-	-	879,689	897,639
	Allowance for possible losses on consumer financing receivables -/-	-	-	(20,082)	(22,642)
13.	Syariah financing				
	a. Murabahah receivables	124,613	154,519	124,613	154,519
	b. Istishna receivables	-	-	-	-
	c. Oardh receivables	187	2,452	187	2,452
	d. Mudharabah receivables	20,461	16,661	20,461	16,661
	e. Musyarakah receivables	128	786	128	786
	Allowance for possible losses on syariah financing -/-	(8,856)	(14,591)	(8,856)	(14,591)
14.	Acceptance receivables	539,646	540,681	539,646	540,681
	Allowance for possible losses on acceptance receivables -/-	(5,397)	(5,971)	(5,397)	(5,971)
15.	Investments	1,114,056	1,096,004	12,080	82,391
	Allowance for possible losses on investments -/-	(11,142)	(10,962)	(122)	(455)
16.	Goodwill - net	-	-	500,098	587,071
17.	Interest receivable	657,329	518,371	657,336	518,371
18.	Prepaid expenses	190,952	190,714	207,584	190,714
19.	Prepaid taxes	24,930	-	24,930	15,208
20.	Deferred tax assets	134,774	121,407	134,774	121,407
21.	Fixed assets	2,071,256	1,796,318	2,260,812	1,946,153
	Accumulated depreciation of fixed assets -/-	(745,965)	(572,501)	(800,925)	(605,393)
22.	Unutilised properties	30,292	40,087	30,092	40,087
23.	Leased assets	-	-	-	-
	Accumulated depreciation of leased assets -/-	-	-	-	-
24.	Foreclosed assets-net	178,548	122,470	190,742	128,810
25.	Other assets	1,617,331	960,672	2,048,237	1,170,287
	<b>TOTAL ASSETS</b>	<b>69,691,626</b>	<b>59,398,835</b>	<b>70,757,765</b>	<b>60,522,168</b>

**BALANCE SHEETS**  
**AS AT 31 MARCH 2006 AND 2005**  
(In million Rupiah)

No.	ACCOUNTS	BANK DANAMON		CONSOLIDATED	
		2006	2005	2006	2005
<b>LIABILITIES AND EQUITY</b>					
1.	Current accounts				
a.	Rupiah	2,616,466	2,952,579	2,438,757	2,882,984
b.	Foreign currencies	1,805,864	1,942,622	1,805,864	1,942,622
2.	Wadiah current accounts	22,187	13,216	22,187	13,216
3.	Other current liabilities	150,578	231,616	150,578	231,616
4.	Savings	7,866,825	10,030,046	7,866,825	10,030,046
5.	Syariah savings				
a.	Wadiah savings	731	945	731	945
b.	Mudharabah savings	39,690	32,356	39,690	32,356
6.	Time deposits				
a.	Rupiah				
i.	Related parties	2,638	3,174	2,638	3,174
ii.	Third parties	26,606,878	22,461,712	26,606,878	22,461,712
b.	Foreign currencies				
i.	Related parties	1,182	131	1,182	131
ii.	Third parties	6,342,551	2,128,256	6,342,551	2,128,256
7.	Mudharabah time deposits	49,771	80,120	49,771	80,120
8.	Certificates of deposits				
a.	Rupiah	-	-	-	-
b.	Foreign currencies	-	-	-	-
9.	Mudharabah time deposits from other banks	45,527	72,897	45,527	72,897
10.	Wadiah current accounts from other banks	159	19	159	19
11.	Deposits from other banks	4,679,239	1,102,443	4,679,239	1,102,443
12.	Securities sold under repurchase agreement (Repo)	2,875,000	2,449,493	2,875,000	2,449,493
13.	Derivative payables	213,078	10,451	213,078	10,451
14.	Acceptance payables	539,646	540,681	539,646	540,681
15.	Marketable securities issued				
a.	Rupiah	5	557,038	495,947	1,050,964
b.	Foreign currencies	2,308	37,933	2,308	37,933
16.	Borrowings				
a.	Short term funding facilities from Bank Indonesia	-	-	-	-
b.	Others				
i.	Rupiah				
-	Related parties	-	-	-	-
-	Third parties	345,720	539,147	560,720	762,905
ii.	Foreign currencies				
-	Related parties	-	-	-	-
-	Third parties	634,223	580,418	634,223	580,418
17.	Estimated allowance for possible losses on commitments and continjensi	18,040	14,746	18,040	14,746
18.	Lease payables	-	-	-	-
19.	Accruals	299,589	216,535	447,633	216,535
20.	Estimated tax payable	-	-	-	-
21.	Deferred tax liabilities	-	-	105,861	92,340
22.	Other liabilities	2,025,905	1,510,150	2,104,281	1,738,522
23.	Subordinated loans				
a.	Related parties	-	-	-	-
b.	Third parties	3,394,161	3,522,636	3,394,161	3,522,636
24.	Loan capital				
a.	Related parties	-	-	-	-
b.	Third parties	155,000	155,000	155,000	155,000
25.	Minority interests	-	-	200,625	154,532
26.	Equity				
a.	Paid up capital	3,569,384	3,562,261	3,569,384	3,562,261
b.	General and legal reserve	48,954	24,873	48,954	24,873
c.	Additional paid up capital	229,732	89,557	229,732	89,557
d.	Capital donation	-	-	-	-
e.	Difference in foreign currencies translation	3,293	2,942	3,293	2,942
f.	Unrealised gain/(loss) from available for sales marketable securities and Government Bonds	(95,070)	540,621	(95,070)	540,621
g.	Other comprehensive income	-	-	-	-
h.	Retained earnings*)	5,202,372	3,992,221	5,202,372	3,992,221
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>69,691,626</b>	<b>59,398,835</b>	<b>70,757,765</b>	<b>60,522,168</b>



## STATEMENTS OF INCOME AND RETAINED EARNINGS

(In million Rupiah, except earning per share)

No.	ACCOUNTS	BANK DANAMON		CONSOLIDATED	
		2006	2005	2006	2005
<b>INCOME AND EXPENSES FROM OPERATIONS</b>					
1.	Interest income, fees and commissions				
1.1.	Interest income				
a.	Rupiah	1,962,063	1,371,266	2,314,220	1,676,530
b.	Foreign currencies	194,514	117,621	194,514	117,621
1.2.	Fees and commissions income				
a.	Rupiah	48,558	38,526	140,971	136,094
b.	Foreign currencies	4,837	4,151	4,837	4,151
	<b>Total interest income, fees and commissions</b>	<b>2,209,972</b>	<b>1,531,564</b>	<b>2,654,542</b>	<b>1,934,396</b>
2.	Interest expense, fees and commissions				
2.1.	Interest expense				
a.	Rupiah	1,124,570	570,320	1,141,093	594,524
b.	Foreign currencies	127,173	63,304	127,173	63,304
2.2.	Fees and commissions expense	-	124	99,888	84,132
	<b>Total interest expense, fees and commissions</b>	<b>1,251,743</b>	<b>633,748</b>	<b>1,368,154</b>	<b>741,960</b>
	<b>Net interest income</b>	<b>958,229</b>	<b>897,816</b>	<b>1,286,388</b>	<b>1,192,436</b>
3.	Syariah income				
3.1.	Murabahah margin	4,327	5,366	4,327	5,366
3.2.	Mudharabah profit sharing	6,207	4,915	6,207	4,915
3.3.	Wadiah bonus income	-	-	-	-
	<b>Total syariah income</b>	<b>10,534</b>	<b>10,281</b>	<b>10,534</b>	<b>10,281</b>
4.	Syariah expenses				
4.1.	Mudharabah loss sharing	2,814	2,260	2,814	2,260
4.2.	Wadiah bonus expense	-	-	-	-
	<b>Total syariah expenses</b>	<b>2,814</b>	<b>2,260</b>	<b>2,814</b>	<b>2,260</b>
	<b>Net interest income - syariah</b>	<b>7,720</b>	<b>8,021</b>	<b>7,720</b>	<b>8,021</b>
5.	Other operating income				
5.1.	Fees and commissions	47,259	54,886	47,259	54,886
5.2.	Gain on foreign exchange transactions	10,771	13,794	10,771	13,794
5.3.	Gain from increase in fair value of marketable securities and Government Bonds	-	-	-	-
5.4.	Other income	214,193	225,361	214,193	225,361
	<b>Total other operating income</b>	<b>272,223</b>	<b>294,041</b>	<b>272,223</b>	<b>294,041</b>
6.	Income from investment in subsidiary	87,882	83,378	-	-
7.	Allowance for possible losses in assets	204,525	(234,122)	210,817	(223,097)
8.	Allowance for possible losses on commitments and contingencies	688	1,033	688	1,033
9.	Other operating expenses				
9.1.	General and administrative expenses	227,132	193,377	277,987	226,707
9.2.	Salaries and employee benefits	343,248	317,547	446,188	380,767
9.3.	Losses from decline in fair value of marketable securities and Government Bonds	4,675	4,595	4,675	4,595
9.4.	Losses on foreign exchange transactions	-	-	-	-
9.5.	Third party premium expenses	22,937	24,747	22,937	24,747
9.6.	Promotion expenses	19,662	12,340	19,662	20,789
9.7.	Others expenses	32,942	6,006	32,942	6,006
	<b>Total other operating expenses</b>	<b>650,596</b>	<b>558,612</b>	<b>804,391</b>	<b>663,611</b>
10.	Amotisation of goodwill	21,743	21,743	21,743	21,743
	<b>NET OPERATING INCOME</b>	<b>448,502</b>	<b>935,990</b>	<b>528,692</b>	<b>1,031,208</b>
<b>NON-OPERATING INCOME AND EXPENSES</b>					
11.	Non - operating income	8,977	16,458	14,752	19,794
12.	Non - operating expenses	110,844	39,424	117,858	55,972
	<b>NON OPERATING EXPENSES/(INCOME) - NET</b>	<b>(101,867)</b>	<b>(22,966)</b>	<b>(103,106)</b>	<b>(36,178)</b>
13.	<b>Extraordinary Income/(expenses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>INCOME BEFORE TAX</b>	<b>346,635</b>	<b>913,024</b>	<b>425,586</b>	<b>995,030</b>
14.	Income tax-/-				
-	Deffered	18,960	57,084	12,487	72,577
-	Current year	77,064	216,144	133,194	254,865
15.	<b>INCOME AFTER TAX</b>	<b>250,611</b>	<b>639,796</b>	<b>279,905</b>	<b>667,588</b>
16.	Minority interest -/-	-	-	(29,294)	(27,792)
17.	<b>CURRENT YEAR INCOME</b>	<b>250,611</b>	<b>639,796</b>	<b>250,611</b>	<b>639,796</b>
18.	Retained earnings balance at the beginning of period	4,951,761	3,352,425	4,951,761	3,352,425
19.	Dividend -/-	-	-	-	-
20.	Others -/-	-	-	-	-
21.	Retained earnings at the end of periods	5,202,372	3,992,221	5,202,372	3,992,221
22.	<b>Basic earnings per share</b>	<b>50.93</b>	<b>130.39</b>	<b>50.93</b>	<b>130.39</b>
23.	<b>Diluted earnings per share *)</b>	<b>50.36</b>	<b>130.09</b>	<b>50.36</b>	<b>130.09</b>

\*) After considering the effect of stock options granted to qualified employees of Bank Danamon.

### COMMITMENTS AND CONTINGENCIES

AS AT 31 MARCH 2006 AND 2005

( In million Rupiah )

No.	ACCOUNTS	BANK DANAMON		CONSOLIDATED	
		2006	2005	2006	2005
<b>COMMITMENTS</b>					
<b>Commitment receivables</b>					
1.	Unused borrowing facilities				
a.	Rupiah	-	-	-	-
b.	Foreign currencies	-	-	-	-
2.	Others	-	-	-	-
	<b>Total Commitment receivables</b>	-	-	-	-
<b>Commitment payables</b>					
1.	Unused loans facilities				
a.	Rupiah	8,106,606	5,125,307	8,106,606	5,125,307
b.	Foreign currencies	3,406,895	1,327,859	3,406,895	1,327,859
2.	Outstanding irrevocable letters of credit	810,739	773,413	810,739	773,413
3.	Others	-	358	-	358
	<b>Total Commitment payables</b>	12,324,240	7,226,937	12,324,240	7,226,937
	<b>COMMITMENT PAYABLES, NET</b>	(12,324,240)	(7,226,937)	(12,324,240)	(7,226,937)
<b>CONTINGENCIES</b>					
<b>Contingent receivables</b>					
1.	Guarantees received				
a.	Rupiah	-	-	-	-
b.	Foreign currencies	6,817	-	6,817	-
2.	Interest receivables on non performing assets				
a.	Rupiah	140,542	66,647	140,542	66,647
b.	Foreign currencies	1,323	222,931	1,323	222,931
3.	<b>Others</b>	76,150	119	76,150	119
	<b>Total Contingent receivables</b>	224,832	289,697	224,832	289,697
<b>Contingent payables</b>					
1.	Guarantees issued in the form of :				
a.	Bank guarantees				
-	Rupiah	666,960	509,081	666,960	509,081
-	Foreign currencies	315,744	154,923	315,744	154,923
b.	Others	-	-	-	-
2.	Standby letters of credit	-	-	-	-
3.	<b>Others</b>	76,150	-	76,150	-
	<b>Total Contingent payables</b>	1,058,854	664,004	1,058,854	664,004
	<b>CONTINGENT PAYABLES, NET</b>	(834,022)	(374,307)	(834,022)	(374,307)

**EARNING ASSET QUALITY AND OTHER INFORMATION  
AS AT 31 MARCH 2006 AND 2005**

(In million Rupiah)

No.	ACCOUNTS	31 March 2006					31 March 2005						
		Current	Special Mention	Sub-standard	Doubtful	Loss	Total	Current	Special Mention	Sub-standard	Doubtful	Loss	Total
I.	Related Parties												
A.	Productive asset												
1.	Placement with other banks	-	-	-	-	-	-	-	-	-	-	-	-
2.	Marketable Securities and Government Bonds issued by third parties or Bank Indonesia	248,356	-	-	-	-	248,356	-	-	-	-	-	-
3.	Loans to third parties												
a.	Small business credit (KUK)	-	-	-	-	-	-	85	-	-	-	-	85
b.	Property loans												
i.	Restructured	-	-	-	-	-	-	-	-	-	-	-	-
ii.	Unrestructured	60,900	-	-	-	-	60,900	-	-	-	-	-	-
c.	Other restructured loan	-	-	-	-	-	-	-	-	-	-	-	-
d.	Others	52,145	-	-	-	-	52,145	5,881	-	-	-	-	5,881
4.	Investment in third parties												
a.	Non-bank financial institution	1,101,977	-	-	-	-	1,101,977	1,050,670	-	-	-	-	1,050,670
b.	For loans restructuring	-	-	-	-	-	-	-	-	-	-	-	-
c.	Others	-	-	-	-	-	-	-	-	-	-	-	-
5.	Other receivables from third parties	151	-	-	-	-	151	-	-	-	-	-	-
6.	Commitments and contingencies to third parties	-	-	-	-	-	-	-	-	-	-	-	-
B.	Non productive asset												
1.	Unutilised properties	-	-	-	-	-	-	-	-	-	-	-	-
2.	Foreclosed assets	-	-	-	-	-	-	-	-	-	-	-	-
3.	Interbank and suspense account	-	-	-	-	-	-	-	-	-	-	-	-
II.	Third parties												
A.	Productive asset												
1.	Placement with other banks	5,047,879	488	-	-	-	5,048,367	2,491,762	1,401	-	-	-	2,493,163
2.	Marketable securities and Government Bonds issued by third parties or Bank Indonesia	19,857,993	-	-	-	-	19,857,993	19,285,626	-	-	-	-	19,285,626
3a.	Loans to third parties (excluding Loans Purchased from IBRA)												
a.	Small business credit (KUK)	3,937,944	718,386	57,113	52,051	50,316	4,815,810	2,774,873	170,072	39,370	30,123	7,621	3,022,059
b.	Property loans												
i.	Restructured	57,813	9,476	2,802	435	28,356	98,882	74,357	8,112	1,700	24,502	-	108,671
ii.	Unrestructured	1,972,947	65,228	1,985	3,021	4,762	2,047,943	1,959,152	38,844	6,816	3,120	-	2,007,932
c.	Other restructured loan	346,291	74,080	199,405	22,879	78,041	720,696	338,147	66,238	193,903	54,813	14,285	667,386
d.	Others	24,201,647	2,893,041	235,638	195,435	229,598	27,755,359	21,691,898	2,272,235	49,793	73,119	124,641	24,211,686
3b.	Loans purchased from IBRA	6,157	-	-	-	61,173	67,330	12,713	-	170,297	56,904	22,784	262,698
4.	Investment												
a.	Non-bank financial institution	-	-	-	-	-	-	-	-	-	-	-	-
b.	For loans restructuring purposes	-	-	-	-	-	-	-	-	-	-	-	-
c.	Others	2,354	25	-	-	-	2,379	22,259	25	-	-	-	22,284
5.	Other receivables from third parties	569,926	-	-	-	-	569,926	575,058	15,243	-	1	1,545	591,847
6.	Commitments and contingencies to third parties	1,790,443	3,000	-	-	-	1,793,443	1,427,917	9,500	-	-	-	1,437,417
B.	Non productive asset												
1.	Unutilized properties	30,292	-	-	-	-	30,292	40,087	-	-	-	-	40,087
2.	Foreclosed assets	178,548	-	-	-	-	178,548	122,470	-	-	-	-	122,470
3.	Interbank and suspense account	17,023	-	-	-	-	17,023	58,865	-	-	-	-	58,865
<b>TOTAL</b>		<b>59,480,786</b>	<b>3,763,724</b>	<b>496,943</b>	<b>273,821</b>	<b>452,246</b>	<b>64,467,520</b>	<b>51,931,820</b>	<b>2,581,670</b>	<b>461,879</b>	<b>242,582</b>	<b>170,876</b>	<b>55,388,827</b>
7.	Minimum required allowance for possible losses on earning assets	402,441	168,342	62,402	131,390	310,493	1,075,068	334,621	129,084	69,282	121,291	170,876	825,153
8.	Allowance for possible losses on earning assets (excluding loans purchased from IBRA)	1,110,289	1,030,000										
	<b>Allowance for possible losses on loans purchased from IBRA</b>	<b>63,061</b>	<b>255,366</b>										
9.	Collateralised assets												
a.	To Bank Indonesia	21,603	28,797										
b.	To other banks	-	-										
10.	Percentage of small business credit to total loans	13.44%	11.01%										
11.	Percentage of small business credit debtor to total debtors	10.20%	6.97%										

\*) Starting 2005, allowance for possible losses on loans is calculated based on loan balance deducted by the allowance collateral value

**FOREIGN EXCHANGE AND DERIVATIVE TRANSACTIONS BANK DANAMON INDONESIA  
AS AT 31 MARCH 2006**

( In million Rupiah )

NO.	TRANSACTION	Market Value		31 Maret 2006		Net Market Value
		Hedging	Others	Derivaive Receivable and Payables Receivables	Payables	
<b>A.</b>	<b>Related to Exchange rate</b>					
1.	Spot	-	679,968	1,572	(1,153)	-
2.	Forward	-	-	-	-	-
3.	Option	-	351,077	1,168	(17,324)	-
	a. Purchased	-	-	-	-	-
	b. Written	-	-	-	-	-
4.	Future	-	380,618	3,350	(959)	-
5.	Swap	-	-	-	-	-
6.	Other	-	-	-	-	-
<b>B.</b>	<b>Related to Interest rate</b>					
1.	1. Forward	-	-	-	-	-
2.	2. Option	-	7,717,464	172,780	(193,099)	-
	a. Purchased	-	-	-	-	-
	b. Written	-	-	-	-	-
3.	Future	-	-	-	-	-
4.	Swap	-	-	285	(543)	-
5.	Other	-	-	-	-	-
<b>C.</b>	<b>Others</b>	-	-	-	-	-
	<b>TOTAL</b>			<b>179,661</b>	<b>(213,078)</b>	

**PT BANK DANAMON INDONESIA Tbk AND SUBSIDIARY CAR CALCULATION  
AS AT 31 MARCH 2006 AND 2005  
( In million Rupiah )**

No.	DESCRIPTION	2006	2005
<b>I.</b>	<b>COMPONENTS</b>		
<b>A.</b>	<b>CORE CAPITAL</b>	<b>9,113,006</b>	<b>7,628,683</b>
1.	Paid up capital	3,569,384	3,562,261
2.	Disclosed reserves		
a.	Additional paid up capital	229,732	89,557
b.	Discount on nominal value of shares ( -/- )	-	-
c.	Capital donation	-	-
d.	General and specific reserves	48,954	24,873
e.	Prior years' profit after tax	5,126,857	3,589,738
f.	Prior years' losses	-	-
g.	Current year profit net of taxes (50%)	134,786	359,312
h.	Current year loss -/-	-	-
i.	Difference in foreign currency translation of overseas branch		
1)	Positive adjustment	3,293	2,942
2)	Negative adjustment -/-	-	-
j.	Paid up capital fund	-	-
k.	Decline in fair value of available for sale securities	-	-
3.	Goodwill (-/-)	-	-
4.	Differences arising from the revaluation of the assets and liabilities due to the quasi reorganisation	-	-
<b>B.</b>	<b>SUPPLEMENTARY CAPITAL (Max. 100%)</b>	<b>3,691,614</b>	<b>3,739,074</b>
1.	Reserve from revaluation of fixed assets	-	-
2.	Differences arising from the revaluation of the assets and liabilities due to the quasi reorganisation	-	-
3.	General allowance for possible losses on earning assets (max 1.25% of weighted risk-based assets)	424,898	341,383
4.	Loan capital	-	-
5.	Subordinated loan (max 50% of core capital)	3,266,716	3,397,691
6.	Increase in fair value of available for share securities (45%)	-	-
<b>C.</b>	<b>TOTAL SUPPLEMENTARY CAPITAL WHICH FULFILL THE REQUIREMENTS</b>	<b>-</b>	<b>-</b>
<b>D.</b>	<b>ADDITIONAL SUPPLEMENTARY CAPITAL ALLOCATED TO ANTICIPATE MARKET RISK</b>	<b>-</b>	<b>-</b>
<b>II.</b>	<b>TOTAL CORE AND SUPPLEMENTARY CAPITAL (A+B)</b>	<b>12,804,620</b>	<b>11,367,757</b>
<b>III.</b>	<b>TOTAL CORE, SUPPLEMENTARY CAPITAL AND ADDITIONAL SUPPLEMENTARY CAPITAL ALLOCATED TO ANTICIPATE MARKET RISK</b>	<b>12,804,620</b>	<b>11,367,757</b>
<b>IV.</b>	<b>INVESTMENTS ( -/- )</b>	<b>1,121,764</b>	<b>889,180</b>
<b>V.</b>	<b>TOTAL CAPITAL FOR CREDIT RISK (II-IV)</b>	<b>11,682,856</b>	<b>10,478,577</b>
<b>VI.</b>	<b>TOTAL CAPITAL FOR CREDIT RISK AND MARKET RISK (III-IV)</b>	<b>11,682,856</b>	<b>10,478,577</b>
<b>VII.</b>	<b>RISK WEIGHTED ASSETS - CREDIT RISK</b>	<b>44,502,972</b>	<b>35,418,207</b>
<b>VIII.</b>	<b>RISK WEIGHTED ASSETS - MARKET RISK</b>	<b>3,586,216</b>	<b>2,379,582</b>
<b>IX.</b>	<b>CAPITAL ADEQUACY RATIO WITH CREDIT RISK CHARGE (V : VII)</b>	<b>26.25%</b>	<b>29.59%</b>
<b>X.</b>	<b>CAPITAL ADEQUACY RATIO WITH CREDIT RISK AND MARKET RISK CHARGE (VI : (VII +VIII))</b>	<b>24.29%*</b>	<b>27.72%*</b>
<b>XI.</b>	<b>EXCESS OF ADDITIONAL SUPPLEMENTARY CAPITAL RATIO ((C-D) : (VII + VIII))</b>	<b>-</b>	<b>-</b>
<b>XII.</b>	<b>MINIMUM REQUIRED CAPITAL ADEQUACY RATIO</b>	<b>8%</b>	<b>8%</b>

\*) Capital Adequacy Ratio (CAR) with market risk charge is presented as an additional information and calculated base on Bank Indonesia Regulation No. 5/12/PBI/2003 dated 17 July 2003 regarding "Capital Adequacy Ratio for Commercial Bank by Considering Market Risk".

### PT BANK DANAMON INDONESIA Tbk AND SUBSIDIARY KEY FINANCIAL RATIOS

AS AT 31 MARCH 2006 AND 2005

(In million Rupiah)

No.	Ratio (%)	2006	2005
<b>CONSOLIDATED RATIOS :</b>			
<b>I. Earning assets</b>			
1.	Non-performing productive assets	1.87%	1.56%
2.	NPL gross	3.42%	2.86%
3.	NPL net after minimum BI provision of possible losses	2.01%	1.68%
4.	NPL net after the Bank's total provision on possible losses	0.40%	0.00%
5.	Allowance for possible losses to productive assets	1.83%	2.33%
<b>II. Rentability</b>			
1.	ROA after tax	1.44%	4.22%
2.	ROA before tax	2.45%	6.03%
3.	Return on average core capital	11.09%	34.22%
4.	Return on average equity	11.36%	31.33%
5.	NIM including third party premium expenses	8.36%	9.16%
		50.30%	43.40%
<b>Liquidity</b>			
	Loan to Deposit Ratio (LDR)	78.53%	76.39%
<b>BANK RATIOS:</b>			
<b>I. CAPITAL</b>			
1.	Capital Adequacy Ratio (CAR) without market risk charge	26.25%	29.59%
2.	Capital Adequacy Ratio (CAR) with market risk charge	24.29%	27.72%
3.	Fixed assets to total capital	16.18%	15.80%
<b>II.B Earning assets</b>			
1.	Non-performing productive assets	1.90%	1.59%
2.	NPL gross	3.42%	2.86%
3.	NPL net after minimum BI provision of possible losses	2.01%	1.68%
4.	NPL after the Banks total provision on possible losses	0.40%	0.00%
5.	Allowance for possible losses on productive assets	1.83%	2.33%
6.	Fulfillment of allowance for possible losses	109.14%	155.77%
<b>III. Rentability</b>			
1.	ROA after tax	1.46%	4.34%
2.	ROA before tax	2.03%	6.20%
3.	Return on average core capital	11.09%	34.22%
4.	Return on average equity	11.36%	31.33%
5.	NIM excluding third party premium expenses	6.44%	7.19%
7.	NIM including third party premium expenses	6.28%	6.99%
8.	Operating expenses to operating revenues	81.78%	51.23%
9.	Cost to income	51.18%	45.40%
<b>IV.B Liquidity</b>			
	Loan to Deposit Ratio (LDR)	78.53%	76.39%
<b>V. Compliance</b>			
1.	a. Percentage violation on legal lending limit		
	a.1. Related parties	0.00%	0.00%
	a.2. Third parties	0.00%	0.00%
	b. Percentage lending in excess of the legal lending limit		
	b.1. Related parties	1.12%	1.25%
	b.2. Third parties	0.00%	0.00%
2.	Statutory reserve requirements (Rupiah)	8.07%	8.08%
3.	Net open position <sup>*)</sup>	1.86%	0.36%
4.	Net open position on balance sheet <sup>**)</sup>	3.65%	4.37%

<sup>\*)</sup> Net open position calculation includes balance sheets and off balance sheets accounts.

<sup>\*\*)</sup> Net open position calculation includes balance sheets accounts in accordance with Bank Indonesia Regulation No. 6/20/PBI/2004 dated 15 July 2004 regarding "Amendment of Bank Indonesia Regulation No. 5/13/PBI/2003 concerning the Net Open Position for Commercial Banks"

## STATEMENTS OF LOANS PURCHASED FROM INDONESIAN BANK RESTRUCTURING AGENCY (IBRA)

AS AT 31 MARCH 2006

( In million Rupiah )

	DESCRIPTION	TOTAL
<b>A.</b>	<b>Summary of loans purchased from IBRA</b>	
	Loan principal (sustainable loan)	7,829,245
	Purchase price	(1,337,135)
	Allowance for possible losses/ deferred income	6,492,110
<b>B.</b>	<b>Summary movement of loans principal balance</b>	
	Beginning, 1 January 2006	68,280
	Foreign exchange translation adjustment	(550)
	Loan purchased from IBRA during the year	-
	Loan repayments during the year	(400)
	Write-offs during the year	-
	Ending balance, 31 March 2006	67,330
<b>C.</b>	<b>Summary of allowance for possible losses (including differences between loans principal and purchase price)</b>	
	Beginning, 1 January 2006	64,011
	Foreign exchange translation adjustment	(550)
	Loan purchased from IBRA during the year	-
	Loan repayments during the year	-
	Write-offs during the year	(400)
	Increase in allowance for possible losses during the year	-
	Ending balance, 31 March 2006	63,061
<b>D.</b>	<b>Summary of deferred income</b>	
	Beginning, 1 January 2006	4,269
	Foreign exchange translation adjustment	-
	Difference between loan purchased prices and restructured loans value during the year	-
	Write-offs during the year	-
	Loan repayments during the year	-
	Adjusted deferred income	-
	Ending balance, 31 March 2006	4,269
<b>E.</b>	<b>Interest income and other income recognised on loans purchased from IBRA</b>	-
<b>F.</b>	<b>Restructured loans</b>	-
<b>G.</b>	<b>Additional loan facilities for debtors of loans purchased from IBRA</b>	-
<b>H.</b>	<b>No intermediaries entity was used in purchasing loans from IBRA</b>	-

MANAGEMENT OF THE BANK (As of 31 March 2006)				SHAREHOLDERS (As of 31 March 2006)	
Board Of Commissioners		Board Of Directors			
1. President Commissioner	: Sim Kee Boon	1. President Director	: Sebastian Paredes	1. Asia Financial (Indonesia) Pte. Ltd.	69,59 %
2. Vice President Commissioner	: J.B. Kristiadi	2. Vice President Director	: Jerry Ng	2. Morgan Stanley Securities Ltd.	6,88 %
3. Independent Commissioner	: Milan Robert Shuster	3. Director	: Muliadi Rahardja	3. Public	23,53%
4. Independent Commissioner	: Harry Arief Soepardi Sukadis	4. Director	: Anika Faisal		
5. Independent Commissioner	: Manggi Taruna Habir	5. Director	: Hendarin Sukarmadji	<b>TOTAL</b>	<b>100 %</b>
6. Commissioner	: Gan Chee Yen				
7. Commissioner	: Victor Liew Cheng San				
8. Commissioner	: Ng Kee Choe				
9. Commissioner	: Philip Eng <sup>1)</sup>				

<sup>1)</sup> will be effective upon Bank Indonesia approval (Fit & Proper Test).

Notes :

1. The Consolidated financial statements are published in order to comply with Regulation of Bank Indonesia No. 3/22/PBI dated 13 December 2001 regarding the "Transparency of Bank's Financial Condition" and Circular Letter of Bank Indonesia No. 7/10/DPNP dated 31 March 2005 regarding The Amendment of Circular Letter of Bank Indonesia No. 3/30/DPNP dated 14 December 2001 regarding "Quarterly and monthly published financial statements of Commercial Banks and certain report submitted to Bank Indonesia.
2. For comparatives purposes, certain account in the consolidated financial statement as of 31 March 2005 have been reclassified to conform with consolidated financial statement in year 2006.
3. The ultimate shareholder of Asia Financial (Indonesia) Pte.Ltd. is Temasek Holding Pte.Ltd., an investment holding company based in Singapore which is wholly owned by the Government of Singapore.
4. Exchange rate as at 31 March 2006 : USD 1 = Rp 9.065,5 Exchange rate as at 31 March 2005 : USD 1 = Rp 9.471,5

Jakarta, 19 April 2006  
Board of Directors



J. E. Sebastian Paredes M.  
President Director



Jerry Ng  
Vice President Director

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